

EXHIBIT 10

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
In Re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Adv.Pro.No.
08-01789(BRL)

Debtor.

-----x
IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff
Investment Securities LLC,

Plaintiff,

Adv.Pro.No.
09-1182(BRL)

v.

J. EZRA MERKIN, GABRIEL CAPITAL,
L.P., ARIEL FUND LTD., ASCOT
PARTNERS, L.P., GABRIEL CAPITAL
CORPORATION,

Defendants.

-----x

VIDEOTAPED DEPOSITION of JOHN L.

STEFFENS, as taken by and before NANCY C. BENDISH,
Certified Court Reporter, RMR, CRR and Notary Public
of the States of New York and New Jersey, at the
offices of BAKER & HOSTETLER, 45 Rockefeller Plaza,
New York, New York on Tuesday, October 9, 2012,
commencing at 10:10 a.m.

PICARD v. MERKIN

JOHN L. STEFFENS 10/9/12

<p style="text-align: right;">72</p> <p>1 Q. Okay. That was going to be my next 2 question. 3 A. Okay. 4 Q. What was your understanding of how 5 the Ascot trades were cleared? 6 A. Initially, originally it was my 7 understanding that they were being cleared through 8 Morgan Stanley. 9 Q. And how did you get that 10 understanding? 11 A. Through talking with Ezra. 12 Q. You said initially that was your 13 understanding. Did you ever have a different 14 understanding? 15 A. Yeah, sometime probably in 2004-2005 16 it was clear that that wasn't the case. That Madoff 17 cleared those trades. The only thing that was 18 basically at Morgan Stanley were I think additions 19 and redemptions from Madoff. 20 Q. And how did you learn in 2004, 2005 21 that Madoff was clearing his own trades? 22 A. Came from a due diligence effort that 23 we had done and conversations with Mike Autera. 24 Q. Was the due diligence effort on 25 behalf of Spring Mountain or some client?</p>	<p style="text-align: right;">74</p> <p>1 the issue with Mr. Merkin in any fashion? 2 A. No. I think it went back to the fact 3 that I looked at -- giving me significant amount of 4 comfort was the fact that even if Madoff was 5 clearing the trades, BDO Seidman certainly gave me 6 confidence that their annual audit process was 7 accurate and appropriate. 8 Q. Is there an advantage to having 9 someone other than the person making the trades 10 clearing the trades? 11 MS. PRINC: Object to form. 12 A. Yes. I think that there is an 13 advantage of having someone other than -- because if 14 they said in -- if they are cleared into an 15 independent account, I think that that's beneficial. 16 Q. And it's beneficial because it's a 17 check and balance? 18 A. Yes, a check and balance. 19 Q. In your conversations with Mr. Merkin 20 concerning Mr. Madoff, did you ever discuss with him 21 who Mr. Madoff's accounting firm was? 22 A. I don't believe I ever did. As I 23 said before, I was somewhat less concerned since I 24 knew that BDO was Ezra's accounting firm. 25 Q. Did you ever, in your conversations</p>
<p style="text-align: right;">73</p> <p>1 A. I believe that initially -- not 2 initially. I believe it was on behalf of the Aozora 3 Bank. 4 Q. Would you spell that. 5 A. A-z-o-r-a, I believe. 6 Q. Okay. And what was the reason you 7 were conducting due diligence on Madoff on behalf 8 of -- well, was it only Madoff or -- strike that. 9 A. No, it wasn't Madoff. 10 Q. Strike that. On whose behalf were 11 you -- strike that. Geez. 12 What was the entity on which you were 13 conducting due diligence? 14 A. Ascot. 15 Q. Ascot, okay. 16 A. Yes. 17 Q. And after it came to your attention 18 from conducting your due diligence on Ascot and 19 talking to Mr. Autera, that Mr. Madoff was clearing 20 the Ascot trades, did you have a conversation with 21 Mr. Merkin about that? 22 MS. PRINC: Object to form. 23 A. I actually don't recall a specific 24 conversation. 25 Q. Do you recall generally ever raising</p>	<p style="text-align: right;">75</p> <p>1 with Mr. Merkin, concerning Mr. Madoff, have a 2 conversation in which you discussed whether he 3 received electronic records of trades executed by 4 Mr. Madoff? 5 A. Yes. Several times. 6 Q. What did he tell you about that? 7 A. Well, he got trade notification from 8 Madoff. He put them into his own forms, which I saw 9 on numerous occasions, which outlined the positions 10 that Ascot had at any given time. And I saw those 11 trade sheets, not the ones that came from Madoff, 12 but I saw the ones that Ezra produced fairly 13 frequently. And I had conversations with Mike 14 Autera over time that said that those -- that trades 15 basically always resulted in the right numbers at 16 the end and that they reviewed them from that 17 standpoint. And I felt that that was, again, a good 18 check and balance. 19 Q. Did you understand that the trade 20 reports always came in the mail and did not come 21 electronically from Mr. Madoff, to the Ascot? 22 A. I don't think I understood that. I'm 23 not so sure it would have made any difference, but I 24 don't think I understood that they came only in the 25 mail, not electronically.</p>

21 (Pages 72 to 75)